

Labor and Public Employees Committee Testimony
By Stan Sorkin, President
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Testimony in Opposition to RB No. 5069: An Act Concerning Low Wage Employers

Good afternoon, Chairman Tercyak, Chairman Osten and Members of the Labor and Public Employees Committee. My name is Stan Sorkin, President of the Connecticut Food Association. I am testifying on behalf of the members of the Connecticut Food Association in opposition to GB 32.

The Connecticut Food Association is the state trade association that conducts programs in public affairs, food safety, research, education and industry relations on behalf of its 240 member companies—food retailers, wholesalers, distributors, and service providers in the state of Connecticut. CFA's members in Connecticut operate approximately 300 retail food stores and 200 pharmacies. CFA's retail membership is composed of multi-store chains, regional firms, and single store independent supermarkets employing over 30,000 associates. Our work force is composed of union and non-union employees with 70% of our employees part-time. Many of these part-time employees are students 18 years of age and under. Our goal is to create a growth oriented economic climate that makes Connecticut competitive with surrounding states.

This is not the time to add to the cost structure of Connecticut's larger employers especially as it affects the state's grocery industry. The grocery industry is a penny profit business with a bottom line profit of 1 to 1.5%. The industry is still in the process of digesting the high costs associated with increased minimum wage, the recent paid sick leave law, the increase in worker's compensation costs, increased beer permit fees, and the Affordable Health Care Act. This bill makes Connecticut's business climate uncompetitive and becomes a disincentive to do business in the state.

This is pure and simple- a tax: A tax on companies who have been successful in growing their businesses, creating jobs, and providing benefits to their employees. It dramatically changes the rules of operating a business after the fact. It not only penalizes major publicly held companies but also penalizes family owned and operated grocery stores that have invested and grown their businesses in Connecticut. It creates an uneven playing field on which companies that do not meet the definition of "covered employer" will have a much lower cost structure than those that do.

Using the "standard rate of covered wages" as the benchmark creates confusion, is difficult to control on statewide basis, and creates additional costs to administer. It may also create conflicts with union contracts.

Connecticut's population is not growing. Connecticut's economy is at best flat with few jobs being created and unemployment rate among the highest in the nation. Due to these economic

conditions, retail sales are not strong and are expected to stay weak. Brick and mortar stores are losing market share to on-line retailers. This tax does not make sense in today's economic environment.

The proposed law sends a message that Connecticut is not open for business and not competitive in attracting jobs. Multi-state retailers would allocate their investment resources to other states.

A tax of this magnitude would leave our industry no choice but to cut jobs, reduce other benefits, and raise grocery prices. Connecticut consumers should not be facing higher food prices in today's difficult economic climate.

I urge you to vote no on RB No. 5069.